

Targeted Small Business Proposed Code Language Change Memo

Background: Iowa Code section 8A.311 subsection 10, paragraph “a” provides that “The director shall adopt rules providing that any state agency may, upon request and approval by the department, purchase directly from a vendor if the direct purchasing is more economical than purchasing through the department, if the agency shows that direct purchasing by the state agency would be in the best interests of the state due to an immediate or emergency need, or if the purchase will **not exceed ten thousand dollars** and the purchase would contribute to the agency complying with the targeted small business procurement goals under sections 73.15 and 73.21.”

Problem: The threshold of \$10,000 has not been changed in approximately ten years. This low limit discourages small businesses from becoming targeted small businesses and diminishes and agency’s ability to meet its TSB procurement goals.

Solution: The Department of Administrative Services (DAS), in working with the Iowa Economic Development Authority, proposes to eliminate the \$10,000 threshold in code and allow DAS to establish the amount by rule. The following language change to 8A.311, subsection 10, paragraph “a” is proposed:

“The director shall adopt rules providing that any state agency may, upon request and approval by the department, purchase directly from a vendor if the direct purchasing is more economical than purchasing through the department, if the agency shows that direct purchasing by the state agency would be in the best interests of the state due to an immediate or emergency need, or if the purchase will not exceed ~~ten thousand dollars~~ an amount established by the department by rule and the purchase would contribute to the agency complying with the targeted small business procurement goals under sections 73.15 through 73.21

The Department of Administrative Services and the Iowa Economic Development Authority recommend an increase of the non-competitive bidding threshold from \$10,000 to \$25,000.

Goal: The goal is to foster a competitive business environment by encouraging more targeted small businesses to become certified and provide goods and services to the State of Iowa.

Fiscal and Jobs Impact: The fiscal impact as a result of increasing the threshold is estimated to be two percent or less. The jobs impact is indeterminable.